

2021 Information Pertaining to the American Rescue Plan Act (ARPA)

On March 11, 2021, the President of the United States signed into law the American Rescue Plan Act (ARPA) that authorized a third round of stimulus payments and advanced payment of the Child Tax Credit. The IRS issued notices that provided the amounts you received for these payments. This information is necessary to accurately complete your 2021 individual tax return. Information provided below explains what notice you received and how to obtain the information if you no longer have the notice or have yet to receive a letter.

Stimulus Payment (Economic Impact Payment (EIP))

The third round of EIP or stimulus payments began mid-March 2021. Individuals could have received up to \$1,400 (\$2,800 for married couples filing a joint return). Qualifying dependents may have also received \$1,400. Unlike the first two payments, EIP3 was not limited to children under 17. Families may have received the payment based on all of the qualifying dependents claimed on the tax return. Most families received \$1,400 per person, meaning, a single person with no dependents may have received \$1,400 while a family of four may have received \$5,600. Notice 1444-C was sent following the payments and Letter 6475 will be issued in January 2022 with a combined total.

If you no longer have Notice 1444-C, or have not received Letter 6475, log in to your IRS Online Account to get the accurate amount of EIP3 received.

1. Go to irs.gov.
2. Select "View Your Account Information."
3. Select "Log in to your Online Account" and follow the prompts provided.

Advance Child Tax Credit Payments

Under ARPA, the maximum amount for the Child Tax Credit (CTC) was increased from \$2,000 to \$3,600 for each child 5 years old and under. For children ages 6 - 17, the maximum increased to \$3,000. In July 2021, eligible families that did not opt out began receiving advanced CTC payments up to \$300 per month for each child age 5 and under and up to \$250 for each child between the age of 6 and 17. IRS will issue Letter 6419 to provide the amount received per taxpayer and how many children were taken into account to determine the amount received.

If you no longer have Letter 6419, or have not yet received it, follow the directions above to log in to your online account to access the Child Tax Credit Update Portal or log directly in to the portal using the instructions below. For married couples filing a joint return, the taxpayer and spouse will both need to log in to get the amount apportioned to each taxpayer.

1. Go to irs.gov.
2. Select "Child Tax Credit Update Portal."
3. Select "Manage Advance Payments" and follow the prompts provided.

Charitable Contributions

The deduction for cash charitable contributions has been increased to \$600 for joint filers if you claim the standard deduction.

Earned Income Tax Credit

The maximum credit for filing jointly as a married couple and claiming three or more qualifying dependents amounts to \$6,728 in 2021, with the credit completely phased out at \$57,414 of Adjusted Gross Income (AGI). If you are a single filer with no dependents, you can receive a maximum credit of \$1,502 with your phaseout beginning at \$11,610 of AGI

IRA Contributions

Contribution amounts remain the same in 2021, but phaseout levels for taking deductions for these contributions increase as follows:

For active participants in employer retirement plans, phaseout for making individual retirement account (IRA) contributions will occur at AGIs between \$66,000 and \$76,000 for single and head of household filers, \$105,000 and \$125,000 for joint returns

For those with IRAs who do not actively participate in another plan but their spouse does, phaseout will now range from \$198,000 to \$208,000 for those that are married and filing a joint return. For a married individual filing separately, the phase-out range is not subject to an annual cost-of-living adjustment and remains between \$0 to \$10,000.

Phaseouts do not apply if neither the taxpayer nor the spouse has a workplace retirement plan